

Creditable Coverage Notice About Your Prescription Drug Coverage and Medicare

This information is about your current prescription drug coverage with PEEHIP and prescription drug coverage under Part D of Medicare for people with Medicare. It also explains where to find more information to help you make decisions about your prescription drug coverage.

- ◆ PEEHIP has elected to continue providing prescription drug benefits even when members are eligible for Medicare Part D benefits. However, members cannot enroll in Medicare Part D and continue with PEEHIP prescription drug coverage.
- ◆ The prescription drug coverage offered by PEEHIP is expected to pay out as much as the standard Medicare prescription drug coverage and, therefore, the PEEHIP prescription drug coverage is considered “creditable coverage” as defined by Medicare.
- ◆ “Low-income” individuals may be eligible for prescription drug subsidies. Therefore, these individuals may be better off applying for a subsidy and Medicare Part D (two separate steps).
- ◆ Individuals dropping or losing their PEEHIP coverage must enroll in Medicare Part D within 60 days or they will be subject to a higher premium.

If you do decide to enroll in a Medicare prescription drug plan and drop your PEEHIP prescription drug coverage, be aware that you will lose your PEEHIP drug coverage and will not be able to get this coverage back until you drop the Medicare Part D coverage. Keep in mind that you will not be able to take advantage of coverage under both the PEEHIP prescription drug program and through Medicare Part D.

Because the PEEHIP prescription drug coverage is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later without a late enrollment penalty. Each year after that, you will have the opportunity to enroll in a Medicare prescription drug plan between November 15 and December 31.

Compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. In most cases, PEEHIP will continue to be your best choice to maximize your benefits.

An exception may apply to certain “low-income” individuals who may be eligible for prescription drug subsidies, and thus may be better off applying for a subsidy and Part D (two separate steps). Individuals who have incomes below 150 percent of the Federal Poverty Level and assets of not more than \$10,000 per individual or \$20,000 per couple (not including homes, cars, household furnishings and possessions) may be eligible for the prescription drug subsidies. The Social Security Administration (SSA) has developed an application form and process to determine eligibility. If you feel you may qualify, go to the [SSA Web page](#) and click Medicare

Prescription Drug Plan. Also, you may call or visit your local SSA office for more details; the national toll-free number is 800-772-1213.

PEEHIP members who drop or lose their coverage with PEEHIP and do not enroll in Medicare prescription drug coverage after their current coverage ends, may pay more to enroll in Medicare Part D later. Individuals having a 60 day or longer break in prescription drug coverage that is at least as good as Medicare's prescription drug coverage will be subject to at least 1% per month premium increase for every month after May 15, 2006, that they did not have prescription drug coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. This higher premium will continue as long as you have Medicare coverage. In addition, you may have to wait until the next November to enroll.